

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name RESORT TOWNSHIP	County EMMET
Audit Date 3/31/04	Opinion Date 7/23/04	Date Accountant Report Submitted to State: 9/27/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

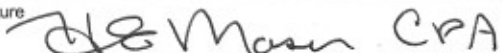
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>		
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) MASON & KAMMERMANN, P.C.			
Street Address 110 PARK AVENUE	City CHARLEVOIX	State MI	ZIP 49720
Accountant Signature  CRA		Date 9/27/04	

MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HUGH E. MASON
VELDA K. KAMMERMANN

110 Park Avenue
Charlevoix, Michigan 49720
Telephone (231) 547-4911
Facsimile (231) 547-5911

July 23, 2004

To the Board of Trustees of
Resort Township:

We have audited the financial statements of Resort Township for the year ended March 31, 2004, and have issued our report thereon dated July 23, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Resort Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Resort Township are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending March 31, 2004. We noted no transactions entered into by the organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly

sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no such sensitive estimates that are included in the financial statements.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgement, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the organization that could potentially cause financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgement, either individually or in the aggregate, have a significant effect on the organization's financial reporting process.

Disagreements With Management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Cash and Investments

The Township is carrying cash in bank far in excess of Federal Deposit Insurance Corporation (FDIC) limitations. There are many options for good sound investing which are available to the Township. We recommend the balances be transferred to other institutions or investments which would decrease the Township's risk of loss.

Township Accounting Records

We would again like to recommend the clerk and treasurer reconcile general ledger input with each others accounting records. This would decrease the likelihood of the omission of information needed to prepare interim financial statements presented to the Board of Trustees.

This information is intended solely for the use of the Board of Trustees of Resort Township. If you have any questions regarding any of these comments and recommendations, we would be pleased to discuss them with you.

Very truly yours,


Mason & Kammermann, P.C.

RESORT TOWNSHIP
EMMET COUNTY, MICHIGAN

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
for the year ended March 31, 2004

MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHARLEVOIX, MICHIGAN

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MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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July 23, 2004

INDEPENDENT AUDITOR'S REPORT

To the Township Board of
Resort Township:

We have audited the accompanying general purpose financial statements of Resort Township as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Resort Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion based on our audit the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Resort Township as of March 31, 2004 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed as additional information in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Resort Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Mason & Kammermann PC

RESORT TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
as of March 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
ASSETS:		
Cash in bank(Note 2)	\$1,896,192	\$196,308
Certificates of deposit(Note 2)	-	486,528
Receivables:		
Taxes	10,905	5,452
Due from other funds(Note 5)	422	-
Inventory(Note 1E)	6,922	-
Property, plant and equipment(Note 1C and 4)	-	-
Total assets	<u>\$1,914,441</u>	<u>\$688,288</u>
LIABILITIES:		
Accounts payable	\$ 7,497	\$ 9,412
Accrued expenses	4,586	-
Due to other funds	-	-
Total liabilities	12,083	9,412
FUND EQUITY:		
Investment in general fixed assets		
Fund balances:		
Reserved for inventory	6,922	-
Reserved for public fire safety	-	192,348
Unreserved:		
Designated for public improvements	-	486,528
Designated for capital projects	-	-
Undesignated	1,895,436	-
Total fund equity	<u>1,902,358</u>	<u>678,876</u>
Total liabilities and fund equity	<u>\$1,914,441</u>	<u>\$688,288</u>

The accompanying notes are a part of the financial statements.

<u>FIDUCIARY FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS (MEMORANDUM ONLY)</u>	
<u>TRUST AND AGENCY FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>2004</u>	<u>2003</u>
\$ 422	\$ -	\$2,092,922	\$1,922,205
-	-	486,528	471,275
-	-	16,357	15,856
-	-	422	4
-	-	6,922	7,122
-	739,950	739,950	739,950
<u>\$ 422</u>	<u>\$739,950</u>	<u>\$3,343,101</u>	<u>\$3,156,412</u>

\$ -	\$ -	\$ 16,909	\$ 18,867
-	-	4,586	6,111
422	-	422	4
422	-	21,917	24,982
-	739,950	739,950	739,950
-	-	6,922	7,122
-	-	192,348	174,368
-	-	486,528	107,260
-	-	-	370,737
-	-	1,895,436	1,731,993
-	739,950	3,321,184	3,131,430
<u>\$ 422</u>	<u>\$739,950</u>	<u>\$3,343,101</u>	<u>\$3,156,412</u>

RESORT TOWNSHIP

COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES

for the year ended March 31, 2004

	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	TOTALS (MEMORANDUM ONLY)	
				2004	2003
REVENUES:					
Property taxes and fees	\$ 683,102	\$ 86,673	\$ -	\$ 769,775	\$ 749,574
Intergovernmental	175,141	-	-	175,141	180,449
Inspection fees and permits	11,238	-	-	11,238	9,730
Interest income	14,603	8,531	-	23,134	22,358
Other revenues	3,845	-	-	3,845	1,239
Total revenues	887,929	95,204	-	983,133	963,350
EXPENDITURES:					
Current:					
Legislative	113,599	-	-	113,599	80,428
General government	148,986	-	-	148,986	101,422
Community and Economic Development	80,620	-	-	80,620	77,215
Public safety	136,915	68,693	-	205,608	52,446
Public works	166,922	-	-	166,922	52,538
Recreation and Culture	56,924	-	-	56,924	74,614
Other Functions	20,720	-	-	20,720	13,412
Total expenditures	724,686	68,693	-	793,379	452,075
Excess of revenues over expenditures	163,243	26,511	-	189,754	511,275
OTHER FINANCING SOURCES(USES):					
Operating transfers (in)	-	370,737	-	370,737	-
Operating transfers (out)	-	-	(370,737)	(370,737)	-
Excess of revenues and operating transfers in over expenditures and transfers out	163,243	397,248	(370,737)	189,754	511,275
FUND BALANCES, beginning of year	1,739,115	281,628	370,737	2,391,480	1,880,205
FUND BALANCES, end of year	\$1,902,358	\$678,876	\$ -	\$2,581,234	\$2,391,480

The accompanying notes are a part of the financial statements.

RESORT TOWNSHIP

COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS

for the year ended March 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	OVER(UNDER) BUDGET
REVENUES:			
Property taxes and fees	\$ 600,000	\$ 683,102	\$ 83,102
Intergovernmental	150,000	175,141	25,141
Inspection fees and permits	11,000	11,238	238
Interest income	7,000	14,603	7,603
Other revenues	1,000	3,845	2,845
Total revenues	769,000	887,929	118,929
EXPENDITURES:			
Current:			
Legislative	102,000	113,599	11,599
General government	124,000	148,986	24,986
Community and Economic Development	50,000	80,620	30,620
Public Safety	145,000	136,915	(8,085)
Public Works	174,000	166,922	(7,078)
Recreation and Culture	80,000	56,924	(23,076)
Other Functions	107,000	20,720	(86,280)
Total expenditures	782,000	724,686	(57,314)
Excess(deficiency) of revenues over expenditures	(13,000)	163,243	176,243
OTHER FINANCING SOURCES(USES):			
Operating transfers (in)	-	-	-
Operating transfers (out)	-	-	-
Excess of revenues and operating transfers in over expenditures and transfers out	(13,000)	163,243	176,243
FUND BALANCES, April 1, 2003	1,739,115	1,739,115	-
FUND BALANCES, March 31, 2004	<u>\$ 1,726,115</u>	<u>\$ 1,902,358</u>	<u>\$ 176,243</u>

The accompanying notes are a part of the financial statements.

SPECIAL REVENUE FUNDS		
BUDGET	ACTUAL	OVER(UNDER) BUDGET
\$ -	\$ 86,673	\$ 86,673
-	-	-
-	-	-
4,100	8,531	4,431
-	-	-
4,100	95,204	91,104
-	-	-
-	-	-
-	-	-
-	68,693	68,693
-	-	-
-	-	-
-	-	-
-	68,693	68,693
4,100	26,511	22,411
-	370,737	370,737
-	-	-
4,100	397,248	393,148
281,628	281,628	-
<u>\$285,728</u>	<u>\$678,876</u>	<u>\$393,148</u>

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township operates under a Board-Supervisor form of government and provides the following services: public safety(fire), public improvements, planning and zoning, and general administrative services.

A. Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Local Unit (primary government). The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. Based on these criteria, the Township has no component units.

B. Basis of Presentation: Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special Revenue Funds are used to account for the proceeds of specific revenue sources(other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. Included under this classification are the Public Improvement and Fire Funds.

Capital Project Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities(other than those financed by proprietary funds and trust funds). During the year ended March 31, 2004 the fund assets were transferred to the Public Improvement Fund.

RESORT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

B. Basis of Presentation: Fund Accounting(continued)

FIDUCIARY FUNDS

Agency Fund - The Agency Fund is used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency Funds are custodial in nature(assets equal liabilities) and do not involve measurement of results of operations.

C. Account Groups

General Fixed Assets Account Group - The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources", during a period.

Fixed assets used in governmental fund type operations (generally fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

RESORT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

D. Basis of Accounting(continued)

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule relates to the principal and interest on general long-term debt which is recognized when due.

E. Inventories

Inventories are stated at cost. Inventory recorded in the General Fund consists of history books. Disbursements for inventory-type items are recorded as expenditures in the General Fund at the time of sale.

F. Budgets and Budgetary Accounting

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearing is conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of an ordinance prior to April 1.
4. The budget is adopted at the total fund level on a basis consistent with generally accepted accounting principles. Budget amounts are as originally adopted, or as amended by the Township Board during the year.
5. Appropriations expire at the end of the fiscal year.

G. Cash and Investments

Cash is comprised of bank accounts and certificates of deposit.

Investments consisting of certificates of deposit are stated at cost or amortized cost, which approximates market.

RESORT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2004

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

H. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Township's financial position and operations.

I. Financial Statement Estimates

The Township used estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

J. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: INSURED DEPOSITS

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Deposits - At March 31, 2004 the carrying amount of the Township's deposits was \$2,092,922.

Investments - The carrying amount of the Township's investments at March 31, 2004 consisted of certificates of deposit totaling \$486,528.

RESORT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2004

NOTE 2: INSURED DEPOSITS(CONTINUED)

The nature of the investment funds does not allow for risk categorization, which is in accordance with GASB Statement No. 3.

Federal Depository Insurance - Of the above balances, \$1,620,853 was covered by federal depository insurance and U.S. Government guarantees. The remaining \$ 472,069 was uninsured and uncollateralized. State statutes prohibit security in the form of collateral, surety bonds or another form to be taken for the deposit of public funds. The Township may experience significant fluctuations in deposit balances during the year.

NOTE 3: PROPERTY TAX

Property taxes attach as an enforceable lien (due and payable) on property upon levy. Taxes are levied in December and are payable from December through February 28. The Township bills and collects its own property taxes and also taxes for other governmental units. Collections of the other governmental units' taxes and remittances of them to the units are accounted for in the Agency Fund. Property tax revenues are recognized when levied.

The Township is permitted by state law, subject to State Headlee and Truth-in-Taxation provision, to levy taxes up to \$1.00 per \$1,000 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and unlimited amounts for payment of principal and interest on general obligation long-term debt.

The tax rates for the year ended March 31, 2004 were as follows:

<u>PURPOSE</u>	<u>RATE/ASSESSED VALUATION</u>
Operations:	
General governmental operations	\$.9273 per \$1,000
Fire protection	\$.4636 per \$1,000

Public Act 425 Agreement

The Township entered into a Public Act 425 agreement with the City of Petoskey in 1994. Under the terms of the agreement the Township conditionally transferred an economic development project to the City. The City will provide all municipal services to the project area, except planning and zoning which will continue to be administered by the Township. In exchange for this transfer the City will share with the Township, tax revenues levied in the district. For the year ended March 31, 2004 the township received \$508,434 in shared tax revenues.

RESORT TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2004

NOTE 4: CHANGES IN GENERAL FIXED ASSETS

A summary of the changes in general fixed assets follows:

	Balance <u>April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31, 2004</u>
Land	\$139,712	\$ -	\$ -	\$139,712
Buildings	496,193	-	-	496,193
Office equipment and furniture	<u>104,045</u>	<u>-</u>	<u>-</u>	<u>104,045</u>
	<u>\$739,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$739,950</u>

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The interfund receivables and payables of the individual funds are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>INTERFUND PAYABLE</u>
General Fund	\$ 422	\$ -
Tax Collection	<u>-</u>	<u>422</u>
Total	<u>\$ 422</u>	<u>\$ 422</u>

NOTE 6: RESERVED AND DESIGNATED FUND BALANCES

The General Fund balance includes \$6,922 reserved for inventory.

The Fire Fund has \$192,348 reserved for public safety.

The Public Improvements Fund has \$486,528 designated for public improvement and major equipment expenditures.

NOTE 7: RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error and omissions; injuries to employees and natural disasters.

The Township belongs to the Michigan Township Participating Plan, which currently operates as a common risk management and insurance program for various municipalities throughout the state. The Township pays an annual premium for its general insurance and workman's compensation coverage. The Plan is self-sustaining through member premiums and 100% reinsures through commercial companies.

RESORT TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES - BUDGET AND ACTUAL

for the year ended March 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER(UNDER) BUDGET</u>
PROPERTY TAXES AND FEES:			
Property tax collections	\$150,000	\$174,668	\$ 24,668
425 tax revenue	<u>450,000</u>	<u>508,434</u>	<u>58,434</u>
Total taxes and fees	600,000	683,102	83,102
INTERGOVERNMENTAL:			
State shared revenues	150,000	168,820	18,820
Summer collections fees	-	4,498	4,498
County grants	<u>-</u>	<u>1,823</u>	<u>1,823</u>
Total intergovernmental	150,000	175,141	25,141
LICENSES AND PERMITS,			
Zoning permits	11,000	11,238	238
INTEREST INCOME	7,000	14,603	7,603
MISCELLANEOUS REVENUES	<u>1,000</u>	<u>3,845</u>	<u>2,845</u>
Total revenues	<u>\$769,000</u>	<u>\$887,929</u>	<u>\$118,929</u>

RESORT TOWNSHIP

GENERAL FUND

STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL

for the year ended March 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER(UNDER) BUDGET</u>
Current:			
Legislative:			
Township Board	\$ 9,000	\$ 15,751	\$ 6,751
Professional services	85,000	87,713	2,713
Insurance and bonds	<u>8,000</u>	<u>10,135</u>	<u>2,135</u>
Total legislative	102,000	113,599	11,599
General Government:			
Supervisor	16,000	18,801	2,801
Treasurer	28,000	19,314	(8,686)
Clerk	22,000	16,091	(5,909)
Assessor	27,000	26,164	(836)
Election	2,000	2,887	887
Board of review	4,000	3,727	(273)
Township properties	<u>25,000</u>	<u>62,002</u>	<u>37,002</u>
Total general government	124,000	148,986	24,986
Community and Economic Development:			
Planning	28,000	50,992	22,992
Zoning	<u>22,000</u>	<u>29,628</u>	<u>7,628</u>
Total community and economic development	50,000	80,620	30,620
Public Safety:			
Fire Equipment	145,000	136,915	(8,085)
Public Works:			
Street lighting	4,000	654	(3,346)
Improvements	150,000	150,741	741
Spring cleanup	<u>20,000</u>	<u>15,527</u>	<u>(4,473)</u>
Total public works	174,000	166,922	(7,078)
Recreation and culture:			
Recreation	76,000	54,494	(21,506)
Library	3,000	2,230	(770)
Historical commission	<u>1,000</u>	<u>200</u>	<u>(800)</u>
Total recreation and culture	80,000	56,924	(23,076)
Other functions, insurance and bonds	<u>107,000</u>	<u>20,720</u>	<u>(86,280)</u>
Total expenditures	<u>\$ 782,000</u>	<u>\$ 724,686</u>	<u>\$ (57,314)</u>

RESORT TOWNSHIP
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
as of March 31, 2004

	PUBLIC IMPROVEMENT FUND	FIRE FUND	COMBINED TOTAL
ASSETS:			
Cash in bank	\$ -	\$196,308	\$196,308
Certificates of deposit	486,528	-	486,528
Taxes receivable	-	5,452	5,452
Total assets	<u>\$486,528</u>	<u>\$201,760</u>	<u>\$688,288</u>
LIABILITIES,			
Accounts payable	-	9,412	9,412
Total liabilities	-	9,412	9,412
FUND EQUITY:			
Fund balances:			
Reserved for fire safety	-	192,348	192,348
Unreserved, designated for public improvements	486,528	-	486,528
Total fund equity	<u>486,528</u>	<u>192,348</u>	<u>678,876</u>
Total liabilities and fund balances	<u>\$486,528</u>	<u>\$201,760</u>	<u>\$688,288</u>

RESORT TOWNSHIP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

for the year ended March 31, 2004

	<u>PUBLIC IMPROVEMENT FUND</u>	<u>FIRE FUND</u>	<u>COMBINED TOTAL</u>
REVENUES:			
Property taxes and fees	\$ -	\$ 86,673	\$ 86,673
Interest income	<u>8,531</u>	<u>-</u>	<u>8,531</u>
Total revenues	8,531	86,673	95,204
EXPENDITURES:			
Current:			
Public safety	<u>-</u>	<u>68,693</u>	<u>68,693</u>
Total expenditures	<u>-</u>	<u>68,693</u>	<u>68,693</u>
Excess(deficiency) revenues over expenses	<u>8,531</u>	<u>17,980</u>	<u>26,511</u>
OTHER FINANCING SOURCE,			
Operating transfers in	370,737	-	370,737
Excess of revenues over expenditures	<u>379,268</u>	<u>17,980</u>	<u>397,248</u>
FUND BALANCE, April 1, 2003	<u>107,260</u>	<u>174,368</u>	<u>281,628</u>
FUND BALANCE, March 31, 2004	<u>\$486,528</u>	<u>\$192,348</u>	<u>\$678,876</u>

RESORT TOWNSHIP

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUND

for the year ended March 31, 2004

	<u>BALANCE</u> <u>APRIL 1, 2003</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>MARCH 31, 2004</u>
ASSETS,				
Cash	<u>\$ 28</u>	<u>\$ 5,468,671</u>	<u>\$5,468,277</u>	<u>\$ 422</u>
LIABILITIES:				
Due to other funds	\$ 28	\$ 243,999	\$ 243,605	\$ 422
Due to Emmet County	-	1,017,313	1,017,313	-
Due to Greenwood Cemetery	-	78,541	78,541	-
Due to North Central Michigan College	-	408,343	408,343	-
Due to Char-Em ISD	-	468,738	468,738	-
Due to Petoskey Public Schools	-	2,361,220	2,361,220	-
Due to State of Michigan - SET	-	890,517	890,517	-
Total liabilities	<u>\$ 28</u>	<u>\$5,468,671</u>	<u>\$5,468,277</u>	<u>\$ 422</u>